



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 17, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**FIVE-YEAR LEASE AMENDMENT
MUSEUM OF NATURAL HISTORY
4400 SEVILLE AVENUE, VERNON
(FIRST DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease amendment to provide the Museum of Natural History ongoing use of 16,038 gross square feet of warehouse space and 14 on-site surface parking spaces for research and storage of the Museum's marine mammal collection.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to execute the five-year lease amendment to extend the term of the current lease with William A. Pistey, Trustee (Lessor), for 16,038 gross square feet of warehouse space and 14 on-site surface parking spaces located at 4400 Seville Avenue, Vernon, at the fixed annual rent of \$99,304. The rental costs are 100 percent net County cost.
3. The lease amendment will be effective upon approval by the Board of Supervisors and the term will commence March 1, 2015.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Under the existing lease which commenced in 1997, the Museum of Natural History (Museum) has utilized the warehouse facility for research and the storage of its marine mammal collection. The proposed lease amendment will provide the Museum ongoing use of the warehouse facility for research, storage, educational purposes, and tour by prospective donors. The facility is staffed by three permanent staff on a part-time basis.

The proposed lease amendment will increase the prevailing monthly rental rate for the term without adjustment, provide premises upgrades at no additional cost to the County and continue to provide uninterrupted use of the facility.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services; and the Goal of Community Support and Responsiveness (Goal 2) directs that we enrich lives of Los Angeles County residents by providing enhanced services, and effectively planning and responding to economic, social, and environmental challenges. The proposed amendment supports these goals with a centrally located storage and research facility for the Museum as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide the Museum uninterrupted use of 16,038 square feet of warehouse space and 14 on-site surface parking spaces at the base monthly rent of \$8,275.33, or \$99,304 annually, plus the cost of property taxes, insurance, utilities, interior maintenance, janitorial services and supplies. The base rent will remain fixed for the term. Sufficient funding of the base rent and operational costs for the proposed amendment is included in the Fiscal Year 2014-15 Museum budget. Attachment B is an overview of the lease costs for this lease renewal.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed five-year lease amendment will provide uninterrupted use of 16,038 square feet of warehouse space and 14 on-site surface parking spaces. The amendment extends the lease term under the same terms and conditions provided in the original lease, and contains the following provisions:

- The five-year lease term will commence March 1, 2015, upon expiration of the existing term;
- The current monthly rent will increase from \$7,698.00 to \$8,275.33 and remain fixed for the term;
- The County will have one option to renew the term for an additional five years under the same terms and conditions except a fixed one-time rental rate adjustment pursuant to the proposed amendment;

- Pursuant to the original lease, the Lessee will remain responsible for insurance, property taxes, interior maintenance, utilities, janitorial services and supplies. The Lessor will remain responsible for structural maintenance, concealed building systems, parking, and landscaping.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar warehouse space is between \$.50 and \$.90 per square foot on a modified-gross basis, including parking. Therefore, the proposed annual rental rate of \$.52, including parking, is in the low range of the modified-gross market rates for this area. Attachment C shows all County-owned and leased facilities within a five-mile radius of the subject facility and there are no suitable County-owned or leased facilities available for the program.

Notification letters have been sent pursuant to Government Code Sections 25351 and 65402. The Department of Public Works inspected the facility and has found it suitable for the County's continuing occupancy. Additionally, the Lessor has ensured path of travel requirements have been or will be met.

The existing Museum facility will continue to provide a central location consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D. A childcare facility is not feasible at the leased premises.

ENVIRONMENTAL DOCUMENTATION

The CEO concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

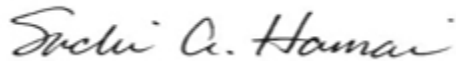
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed amendment will allow the Museum of Natural History to continue to provide the necessary warehouse space for this County requirement and the department concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachi A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

CEM:TS:MM:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Museum of Natural History

MUSEUM OF NATURAL HISTORY
4400 SEVILLE AVENUE, VERNON
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² The Museum occupies 100% of the facility.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² The warehouse space is used for storage and research of the Museum mammal collection operated by three permanent staff on a part-time basis.		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ² The warehouse space is used for storage and research of the Museum mammal collection operated by three permanent staff on a part-time basis.		X	
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 100% NCC	X		
	B	Is this a long term County program?			X
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? ² A building of only 16,038 square feet would not be cost effective to build and no other County space in that area exists at this time.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. <u> X </u> The program clientele requires a "stand alone" facility.			
		2. <u> X </u> No suitable County occupied properties in project area.			
		3. <u> </u> No County-owned facilities available for the project.			
		4. <u> </u> Could not get City clearance or approval.			
		5. <u> </u> The Program is being co-located.			
	E	Is lease a full service lease? ² County pays for insurance, property taxes, utilities, interior maintenance, janitorial service and supplies.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE CHANGES**

4400 SEVILLE AVENUE	EXISTING LEASE	PROPOSED AMENDMENT	CHANGE
Area (Square feet)	16,038	16,038	None
Term	03/01/1997 - 02/28/2015	03/01/2015 - 02/28/2020	+five-years
Annual Rent	\$92,376 modified gross*	\$99,304, modified gross*	+\$6,928
Parking (included in rent)	14 off-street spaces	14 off-street spaces	None
Cancellation	After 36 months upon 180 days prior written notice	After 36 months upon 180 days prior written notice	None
Option to Renew	None	One five-year option	+One five-year option
Rental Adjustment	None	None	None

*County provides insurance, property taxes, interior maintenance, utilities, janitorial service and supplies.

MUSEUM OF NATURAL HISTORY
SPACE SEARCH - 5 MILE RADIUS FROM 4400 SEVILLE AVENUE, VERNON

LAOO	FACILITY	ADDRESS	USE	OWNERSHIP	GROSS SQFT	NET SQFT	AVAILABLE SQFT
Y399	NATURAL HISTORY MUSEUM-WAREHOUSE I	2847 S GRAND AVE, LOS ANGELES 90007	SPECIAL CONDITION WAREHOUSE	OWNED	36,776	27,099	NONE
A391	DA-CRIMINAL FILE STORAGE/ FRAUD INVESTIGATORS	5300 HARBOR ST, CITY OF COMMERCE 90040	RECORDS STORAGE WAREHOUSE	LEASED	52,300	49,685	NONE
Y803	MED CTR-GENERAL HOSPITAL MINI WAREHOUSE	1900 N ZONAL AVE, LOS ANGELES 90033	SUPPLIES STORAGE WAREHOUSE	OWNED	27,899	20,024	NONE
A257	MED CTR-SUPPLIES WAREHOUSE/ MEDICAL RECORDS	2011 N SOTO ST, LOS ANGELES 90032	RECORDS STORAGE WAREHOUSE	LEASED	83,665	75,300	NONE
4800	PW CENTRAL YARD-MATERIALS ENGINEERING LAB/WHs	1525 ALCAZAR ST, LOS ANGELES 90033	SPECIAL CONDITION WAREHOUSE	OWNED	65,200	61,940	NONE
5458	PW CENTRAL YARD-MAIN WAREHOUSE	1537 ALCAZAR ST, LOS ANGELES 90033	EQUIPMENT STORAGE WAREHOUSE	OWNED	59,594	53,646	NONE
3153	COUNTY RECORDS CENTER (COUNTY MALL PHASE II)	222 N HILL ST, LOS ANGELES 90012	RECORDS STORAGE WAREHOUSE	OWNED	99,945	62,313	NONE
Y798	MED CTR-OFFICE EQUIPMENT & SALVAGE WAREHOUSE	1806 GRIFFIN AVE, LOS ANGELES 90031	EQUIPMENT STORAGE WAREHOUSE	OWNED	25,114	24,511	NONE

FACILITY LOCATION POLICY ANALYSIS
February 17, 2015

Proposed Lease: A five-year lease amendment for the Museum of Natural History – 4400 Seville Avenue, Vernon – 1st District – Option to cancel after 36 months

A. Establish Service Function Category – Regional program service function

B. Determination of the Service Area – Under the existing lease which commenced in 1997, the Museum of Natural History (Museum) has utilized the warehouse facility for the storage and research of its marine mammal collection. The current lease term is due to expire on February 28, 2015. The proposed amendment will provide the Museum ongoing use of the warehouse facility for storage, research, educational purposes and tour by prospective donors.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: This program is most effective when located in the same geographic area as the MUSEUM to serve its consumers and providers.
- Need for proximity to existing County facilities: The Museum of Natural History
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: The surrounding area is primarily an industrial area in the process of improving existing facilities and sparse new in-fill development.
- Proximity to public transportation: The location is adequately served by transit services and is within two miles south of the junction of the 10, 60, 5 and 101 freeways.
- Availability of affordable housing for County employees: The surrounding area provides affordable rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: Notification letters have been sent to the City of Vernon pursuant to Government Code Sections 25351 and 65402. The Department of Public Works inspected the facility and found it suitable for County occupancy.
- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent of \$86,604, including parking, will remain fixed for the term. Pursuant to the underlying lease, the Lessee will remain responsible for insurance, property taxes, interior maintenance, utilities, janitorial service and supplies, and the Lessor will remain responsible for structural maintenance, concealed building systems, parking and landscaping. Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to the department. The Museum has sufficient funding in its FY 2014-15 operating budget to cover the projected lease costs which are 100 percent net County cost.

D. Analyze results and identify location alternatives

Based upon the space and service needs of the Museum, the Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar warehouse space is between \$.50 and \$.90 per square foot on a modified-gross basis, including parking. Therefore, the proposed annual rental rate of \$.52, including parking, is in the low range of the modified-gross market rates for this area.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria

Due to budget constraints and relative proximity to the Museum, the department is unable to pursue alternate warehouse space. Given the foregoing, the lessor of the existing facility will provide premises upgrades at its sole cost. The existing MUSEUM facility will continue to provide a location consistent with the County's Facility Location Policy adopted by the Board on July 24, 2012.

**AMENDMENT NO. 1 TO LEASE NO. 70586
4400 SEVILLE AVENUE, VERNON**

THIS AMENDMENT NO. 1 to LEASE NO. 70586 ("Amendment No. 1") is made, entered and dated as of this _____ day of _____, 2015 by and between William A. Pistey, Trustee of the Survivor's Trust of the Pistey Family Trust, as to an undivided 45% interest; William A. Pistey, Trustee of the Unified Credit Share of the Family Trust of the Pistey Family Trust, as to an undivided 46% interest; and William A. Pistey, Trustee of the Pistey Qualified Terminable Interest Property Share of the Family Trust of the Pistey Family Trust, as to an undivided 9% interest ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS

WHEREAS, a Lease by and between William A. Pistey and Marie-Louise Pistey together as Lessor, and the County of Los Angeles as Lessee, was executed March 4, 1997 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 4400 Seville Avenue, Vernon, California, consisting of approximately 16,038 square feet of warehouse space and 14 on-site surface parking spaces, (the "Premises") and;


WHEREAS, William A. Pistey, Trustee of the Survivor's Trust of the Pistey Family Trust, as to an undivided 45% interest; William A. Pistey, Trustee of the Unified Credit Share of the Family Trust of the Pistey Family Trust, as to an undivided 46% interest; and William A. Pistey, Trustee of the Pistey Qualified Terminable Interest Property Share of the Family Trust of the Pistey Family Trust, as to an undivided 9% interest, the Lessor and successor in interest to William A. Pistey and Marie-Louise Pistey, retains all rights and responsibilities granted pursuant to the Lease, and;

WHEREAS, Lessor acknowledges that the terms of this Amendment No. 1 to Lease No. 70586 will not become effective until such time that said Amendment is adopted by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") and;

WHEREAS, Lessor and Lessee desire to, among other points, amend the terms of the Lease to extend the term of the Lease, increase the rental rate, and prepare the Premises for the County's use, and;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby amended such that upon adoption of this Amendment No. 1 by the Board of Supervisors, the term is extended, commencing on March 1, 2015 (the "Commencement Date"), unless



cancelled or otherwise terminated in accordance with the provisions of the Lease, and ending five (5) years thereafter ("Initial Extension Term").

2. **RENT:** Paragraph 3, RENT, is hereby amended by the addition of the following:

During the Initial Extension Term, Lessee agrees to pay, as fixed rent without adjustment, the sum of \$8,275.33 per month, i.e., \$.52 per square foot per month, payable in advance by Auditor's General Warrant. If Lessee elects to enter into a Second Extension Term, as defined hereinafter, the rent shall be \$8,895.98 per month, i.e., \$.55 per square foot per month. The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date. A monthly installment in the same amount shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis, provided that Lessor shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

3. **CANCELLATION:** Paragraph 5, CANCELLATION, is hereby reinstated such that Lessee shall have the right to cancel the Lease at or any time after thirty-six (36) month of the Initial Extension Term and the Second Extension Term. Lessee shall provide Lessor with not less than one-hundred-eighty (180) days prior written notice by Chief Executive Office letter. In the event of Lessee's exercise of Lessee's cancellation right during the Initial Extension Term of the Lease, Lessee shall pay Lessor \$9,718.00, the cost of the Preparation of Premises work.

4. **OPTION TO EXTEND:** New Paragraph 26 is hereby added to the Lease as follows:

Option to Extend: Lessee has one option to renew the Lease for an additional period of sixty (60) months (the "Second Extension Term"). Lessee may exercise its option to extend the Lease by providing Lessor written notice no later than ninety (90) days prior to the end of the Initial Extension Term. All terms and conditions of the Lease, as amended, shall apply to the Second Extension Term.

5. **PREPARATION OF PREMISES:** New Paragraph 27, is hereby added to the Lease as follows:

Preparation of Premises: Lessor hereby acknowledges and consents that Lessee, at any time during the Initial or Second Extension Term, and at its sole cost and discretion, may commence improvements to the Premises as set forth in Exhibit A.

Within thirty (30) days of the date Lessor is notified in writing by Lessee that the Board of Supervisors has approved this Amendment No. 1, Lessor at its sole cost and expense shall commence improvements to the Premises as set forth in

Exhibit B. Lessor shall complete said work to commercially reasonable standards within sixty (60) days of commencement of said work, subject to Lessee's acceptance, which shall not be unreasonably withheld. Lessee hereby agrees to make timely inspections and to give timely notice of its approval or disapproval of said work. Lessor shall perform all work during normal business hours. Lessee shall remove and replace all business and personal items to allow access to Lessor's contractors.

In the event Lessor should fail, neglect or refuse to commence the preparation of premises work required by Paragraph 27 herein, or fail, neglect or refuse to pursue improvements to the Premises with reasonable diligence to completion, Lessee at its sole discretion may perform or cause to be performed said improvements and deduct the cost thereof from the rent installment next due to the Lessor.

If Lessor fails to complete said work within the timeframe specified herein, subject to force majeure delays, Lessee may thereafter, terminate the Lease effective upon providing written notice to Lessor, and the parties shall have no further obligations hereunder.

6. Wherever a conflict exists between the terms of this Amendment No. 1 and the original Lease as previously amended, the terms and conditions of Amendment No. 1 shall prevail. All other terms and conditions of the original Lease remain in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 to Lease No. 71823, or caused it to be duly executed, and the County of Los Angeles has caused this Amendment to be executed by the Board of Supervisors and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

WILLIAM A. PISTEY, Trustee of the Survivor's Trust of the Pistey Family Trust

By: 
WILLIAM A. PISTEY

WILLIAM A. PISTEY, Trustee of the Unified Credit Share of the Family Trust of the Pistey Family Trust

By: 
WILLIAM A. PISTEY

WILLIAM A. PISTEY, Trustee of the Pistey Qualified Terminable Interest Property Share of the Family Trust of the Pistey Family Trust

By: 
WILLIAM A. PISTEY

ATTEST:

Patrick Ogawa
Acting Executive Officer-Clerk
of the Board of Supervisors

LESSEE:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Deputy

By: _____
Michael D. Antonovich
Mayor, Board of Supervisors

APPROVED AS TO FORM:

Mark J. Saladino
County Counsel

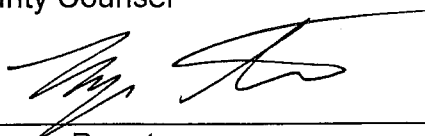
By: 
Deputy

EXHIBIT A

1. Remove and or excavate 15' x 19' asphalt area to 4" in depth and properly dispose of debris.
2. Compact excavated area as required and lay-in #5 Re-Bar at 30" OC in both directions dowelling into any concrete junctures.
3. Pour 2,000 PSI concrete with a light broom finish including expansion joints.
4. Detail the work site, all clean-up and proper disposal of debris on a progress basis.

EXHIBIT B

1. Prepare and paint the walls and ceiling in the office and bathrooms.
2. Furnish and install new 12"x12" vinyl composition floor tile in the office and bathrooms.
3. Furnish and install new 4" vinyl top set base cove in the office.
4. Replace the existing light fixtures in the office and bathrooms.
5. Replace the broken shower door in the office bathroom.
6. Replace the existing shower valve and shower head in the office bathroom.
7. Replace the existing water heater with a natural gas tankless water heater.
8. Rebuild the existing plumbing fixtures in the bathrooms.